

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Algoma Post Office
Algoma, Mississippi

Docket No. A2011-79

ORDER AFFIRMING DETERMINATION

(Issued January 11, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* Lastly, the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, (Notice).

The Postal Service's Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service's request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 21, 2011, Phyllis McGregor (Petitioner) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Algoma, Mississippi post office (Algoma post office).² Subsequently, several additional timely petitions appealing the Final Determination were received by the Commission.³ The Final Determination to close the Algoma post office is affirmed.

II. PROCEDURAL HISTORY

On September 23, 2011, the Commission established Docket No. A2011-79 to consider this appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁴

On October 6, 2011, the Postal Service filed the Administrative Record with the Commission.⁵ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁶ Two petitioners filed Participant Statements in support of their Petitions.⁷ On November 2, the date for filing reply briefs, the Town of Algoma

² Petition for Review received from Phyllis McGregor regarding the Algoma, Mississippi Post Office 38820, September 21, 2011 (Petition).

³ Petitions were received on September 21, 2011 from Phyllis McGregor; on September 29, 2011 from the Mayor and the Board of Alderman of the Town of Algoma (Algoma) and Hilda Smith; and on October 4, 2011 from Brooks and Heather Corder; Harriett Teasler; Robert and Carolyn Miller; Tommy and Emily Wiggins; Beverly Corder; Harry Neal and Weezie Corder; and Wanda Collums.

⁴ Order No. 868, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 23, 2011.

⁵ The Administrative Record is attached to the United States Postal Service Notice of Filing, October 6, 2011 (Administrative Record). The Administrative Record includes, the Final Determination to Close the Algoma, Mississippi Post Office and Extend Service by Rural Route Service (Final Determination). Administrative Record at pdf 202-208.

⁶ United States Postal Service Comments Regarding Appeal, November 15, 2011 (Postal Service Comments).

⁷ Participant Statement received from Harry Neal and Weezie Corder on October 25, 2011 (Neal and Corder Participant Statement) and on November 2, 2011 from Wanda Collums (Collums Participant Statement).

filed a letter (Algoma Letter). No reply briefs or other pleadings were filed by Petitioners.

III. BACKGROUND

The Algoma post office provides retail postal services and service to 77 post office box customers. Final Determination at 2. No delivery customers are served through the Algoma office. *Id.* The Algoma post office, an EAS-55 level facility, has retail access hours of 7:45 to 11:00 and 1:00 to 4:30 Monday-Friday. On Saturday, service is provided from 7:45 to 10:00. *Id.* Lobby access hours are 24 hours on Monday-Saturday. *Id.*

The postmaster position became vacant on February 2, 2010 when the postmaster retired. *Id.* at 2. A temporary officer-in-charge (OIC) was installed to operate the office. *Id.* Retail transactions average 29 transactions daily accounting for 26 minutes of retail workload. *Id.* Office receipts for the last 3 years were \$12,169 in FY 2008; \$11,591 in FY 2009; and \$11,782 in FY 2010. *Id.* There is one permit mailer or postage meter customer. *Id.* By closing this office, the Postal Service anticipates savings of \$38,115 annually. *Id.* at 7.

After the closure, retail services will be provided by the Pontotoc Post Office, an EAS-20 level office located approximately 7-1/2 miles away.⁸ *Id.* at 2. Delivery service will be provided by rural and contract carrier through the Pontotoc post office. *Id.* at 2, 7. The main Pontotoc post office is an EAS-20 level office, with retail hours of 8:30 a.m. to 11:00 a.m. and 1:00 to 4:30 p.m., Monday through Friday, and 9:00 a.m. to 11:00 a.m. on Saturday. *Id.* One hundred and sixty (160) post office boxes are available at the Pontotoc post office. *Id.* at 2. The Postal Service will continue to use the Algoma name and ZIP Code. *Id.* at 2, Concern No. 1.

⁸ *Id.* at 2. MapQuest estimates the driving distance between the Algoma post office and the Pontotoc post office to be approximately 6.3 miles (9 minutes driving time).

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Algoma post office. They argue that the Postal Service has not considered the effect closing the post office would have on business. They raise concerns that postal services would not be as convenient due to distance and traffic. They are concerned the closing would impact the Algoma community. Neal and Corder Participant Statement; Cullum Participant Statement at 1. Petitioner Algoma questions whether any economical study has been done to determine if closing the Algoma post office will yield any savings. Algoma Letter. The OIC at Algoma claims the Final Determination's statement that the OIC is a non-career employee is erroneous inasmuch as she has 27 years with the Postal Service.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Algoma post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services, (2) the impact on the Algoma community, (3) the effect on employees, and (4) the economic savings expected to result from discontinuing the Algoma post office. *Id.* at 2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Algoma post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Algoma post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload;
- low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Algoma community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, effect on the Algoma community, economic savings, and effect on postal employees. *Id.* at 5-11.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may

be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On March 14, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Algoma post office. Final Determination at 2. A total of 85 questionnaires were distributed and 48 were returned. *Id.* On March 24, 2011, the Postal Service held a community meeting at the Algoma Municipal Court Room, 1310 Algoma Road, Algoma, Mississippi to address customer concerns. *Id.* Fifty-six customers attended. *Id.*

The Postal Service posted the proposal to close the Algoma post office with an invitation for comments at the Algoma and Pontotoc post offices from April 21, 2011 through June 22, 2011. Final Determination at 2. The Final Determination was posted at the same two post offices starting on September 9, 2011, through October 11, 2011, as confirmed by the round-dated Final Determination cover sheets. Post Service Comments at 4.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Algoma is an incorporated community located in Pontotoc County, Mississippi.⁹ Algoma Letter. The community is administered politically by a mayor, aldermen, and clerks as well as by Pontotoc County. *Id.* Police protection is provided by the local Algoma Police Department and fire protection is

⁹ The Final Determination states Algoma is unincorporated. Final Determination at 5.

provided by the Algoma Fire Department. Administrative Record, Item No. 16. The community is comprised of retirees and commuters. *Id.*

Residents may travel to nearby communities for supplies and services. See *generally* Administrative Record, Item No. 22. (Returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Algoma community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Algoma post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 1-5.

Petitioners raise a concern about the convenience of postal services after closure of the Algoma post office, including the traffic congestion on the road to Pontotoc. Neal and Corder Participant Statement at 1-2. The Postal Service has addressed Petitioner's concern and provided for Algoma customers to continue to receive regular and effective service, stating that delivery and retail services will emanate from Pontotoc, but may also be provided without the need to travel to a post office. Final Determination at 3-4, Concern Nos. 6, 12. In addition to the delivery of accountable items and large packages, customers will be able to obtain retail services such as the purchasing of stamps, money orders, and other special services through the rural carrier. Final Determination at 2-5; Postal Service Comments at 5.

Petitioners also contend that closing the Algoma post office would have a detrimental effect on business and would create economic hardships. Neal and Corder Participant Statement at 2. The Postal Service has considered this claim and determined that the closure of the Algoma post office will not harm Algoma businesses because Pontotoc will provide regular and effective postal service. The Postal Service noted that there was no indication that the business community would be adversely affected and assured Algoma customers that regular and effective postal services will

be provided to the Algoma community. Final Decision at 4, Concern No. 16. Non-postal services provided by the Algoma post office will also be provided by the Pontotoc post office. Final Determination at 5, Concern No. 1; Postal Service Comments at 8. The Postal Service also considered the closure's effect on the Algoma community identity. Customers will continue to use the city name and ZIP Code in their mailing address. Final Determination at 2.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Algoma postmaster retired on February 2, 2010 and that since then an OIC has operated the Algoma post office. Final Determination at 2; Postal Service Comments at 10. It asserts that the OIC may be separated and that no other Postal Service employee will be adversely affected. *Id.*

Wanda Collums submitted a Petition and a Participant Statement. In the Participant Statement, Ms. Collums identifies herself as the Officer-in-Charge and, contrary to the statement in the Final Determination, considers herself a career employee who will return to her position at the post office in Houlka working 2 hours per week. The Postal Service points out that to the extent Ms. Collums is objecting to the closing as an employee, she lacks standing because section 404(d) appeal rights are conferred only to "persons served" by the discontinued post office. See 39 USC 404(d)(3) and (5). The record does not indicate whether Ms. Cullums is also served by the Algoma post office.

In any event, the Postal Service has considered the possible effects of the post office closing on employees when it stated that the OIC may be reassigned or separated. The Postal Service has satisfied its obligation to consider the effect of the closing on employees at the Algoma post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Algoma customers. Postal

Service Comments at 11. It asserts that customers of the closed Algoma post office may obtain retail services at the Pontotoc post office located less than 8 miles away. Delivery service will be provided by rural or contract carrier through the Pontotoc post office. *Id.* The Algoma post office box customers may obtain Post Office Box Service at the Pontotoc post office, which has 160 boxes available. *Id.*

For customers choosing not to travel to the Pontotoc post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 2, Concern No. 2. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioners were concerned that there is a lack of broadband internet access in the Algoma community. Regular service is not impacted by an individual customer's internet use. The rural carrier can provide regular and effective services to customers. Final Determination at 2-3; Postal Service Comments at 6. Thus, even if customers do not have access to the internet, this does not affect the Postal Service's delivery of services.

The Postal Service has met its obligation to consider and respond to the issues raised by customers concerning effective and regular service to the citizens of Algoma. 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$ 38,115. Final Determination at 7. It derives this figure by summing the following costs: postmaster salary \$25,584 and benefits \$8,571 and annual lease costs \$4,200, minus the cost of replacement service \$0. *Id.* The Postal Service has determined that closure of the facility and implementation of the rural carrier service is more cost effective than maintaining the Algoma post office and the postmaster position. Final Determination at 6-7; Postal Service Comments at 9-10.

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs that are not eliminated by the discontinuance of a post office. The Algoma postmaster retired on February 2, 2010. Final Determination at 2. The office had since been run by an OIC who, upon

discontinuance of the post office, may be separated from the Postal Service. *Id.* The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Algoma post office has been staffed by an OIC for almost two years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Algoma post office is affirmed.

It is ordered:

The Postal Service's determination to close the Algoma, Mississippi post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Algoma post office has been operated by an officer-in-charge (OIC) since the former postmaster retired on February 2, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal; yet on the other hand, it argues that the savings should be calculated using a full-time position.

Furthermore, though the Administrative Record says that the Algoma community will be provided rural carrier or contract carrier delivery service, the economic calculations do not include any cost for this replacement service.

There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

In addition, the Administrative Record reflects comments that the Algoma post office is the only post office serving the southern portion of Pontotoc County, that there are senior citizens who do not drive and would face difficulty getting to another town, that there are individuals who depend on in-person money order services, and that the community does not have access to broadband internet access. The Final

Determination does not adequately address these concerns. As such, the Postal Service has not satisfied its obligation to consider the effect of such closing or consolidation on the community served by the post office, as required by 39 U.S.C. § 404(d)(2)(a)(i).

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium.

The citizens of Algoma, Mississippi and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since February 2010, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

In addition, the current lease does not terminate until August 31, 2015, and does not have a 30-day termination clause. The Postal Service should note that any savings from the lease will not be realized for at least 3 years. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Algoma post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley